

Summary: Removal of Federal Minerals During School Construction Results in Loss of Revenues

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The OIG investigated allegations that a salable mineral known as caliche was improperly removed from the construction site of a school built on Bureau of Land Management (BLM) land that was conveyed to the school district through a recreation and public purposes lease. The U.S. Government retains the mineral rights in this type of lease and must be compensated if salable minerals are removed.

We found that the BLM was aware of the alleged theft for more than 4 years but failed to resolve the complainant's allegations. Furthermore, we believe the BLM may have violated the National Environmental Policy Act because we found no evidence the BLM completed a required mineral potential report as part of an environmental assessment. This step should have identified caliche as a salable mineral and alerted the BLM to the need to review its proposed disposition before the lease was signed.

Our investigation also confirmed that a subcontractor retained by the school removed caliche from the construction site. The BLM, however, did not receive payment, and the Government incurred an estimated loss of \$195,976. As a result of our investigation, and more than 4 years after the original complaint was made, the BLM issued a trespass notice to the subcontractor to resolve the unauthorized removal of caliche.

Finally, we determined the BLM may have violated Federal regulations when it conveyed 41.24 acres of Federal land to the school district, even though the school intended to use only about 10 acres and had no plans to expand.

We presented our investigative findings to the U.S. Attorney's Office for the District of New Mexico, which declined to prosecute the matter.

This is a summary of an investigative report we issued to the Acting Director of the BLM.

